

VIA FACSIMILE

April 15, 2002

The Honorable Tom Daschle
Senate Majority Leader
5221 Capitol Building
Washington, DC 20510

The Honorable Dennis Hastert
Speaker of the House of Representatives
H232 Capitol Building
Washington, DC 20515

The Honorable Trent Lott
Senate Republican Leader
S-230 Capitol Building
Washington, DC 20510

The Honorable Richard Gephardt
House Democrat Leader
H-204 Capitol Building
Washington, DC 20515

Dear Congressional Leaders:

As a result of the events of September 11th, the nation's property and casualty insurance companies have or will pay out losses that will exceed \$35 billion dollars. Since the first of January, many insurance companies, self-insurers and states have been faced with a situation where they are unable to spread the risk that they insure because of the unavailability of reinsurance protection. In the event of another major attack, some companies or perhaps a segment of the industry would face insolvency. While most states have approved a limited exclusion for terrorism with a \$25 million deductible, exclusions for workers' compensation coverage are not permitted by statute in any state. The present situation poses a grave risk to the solvency of the insurance industry, state insurance facilities, economic development initiatives, and the ability of our states to recover from impacts of the September 11th attacks.

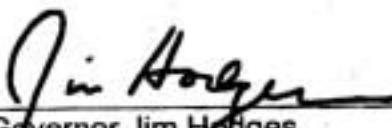
In the months after the attack on our nation, legislation passed in the House and was introduced in the Senate to create a backstop for the insurance industry so they could continue to provide protection to their customers. The Administration has also supported this concept. Currently, there is broad bipartisan agreement for providing an insurance backstop. Governors believe this is an important goal that should not be inhibited by other issues.

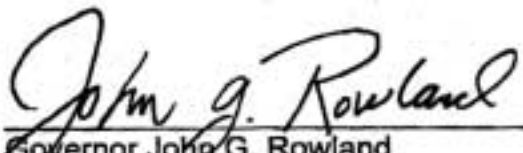
Since late December, the lack of a financial backstop has started to ripple through the economy and will continue to do so. This will further impact the ability of the economy to recover from the current recession.


As Governors, we are facing many critical issues resulting from the September 11th crisis. The emerging problem in insurance coverage only serves to exacerbate our recovery efforts. In view of this, we, the undersigned Governors, respectfully urge the Congress to quickly complete its work on the terrorism reinsurance legislation in order to return stability to U.S. insurance markets.


Sincerely,

Sincerely,


Governor Jim Hodges
South Carolina


Governor John G. Rowland
Connecticut


Governor Mike Johanns
Nebraska


Governor Angus S. King Jr.
Maine



Governor Paul E. Patton
Kentucky


Governor Mike Huckabee
Arkansas

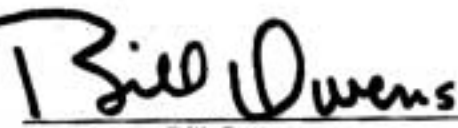

Governor Judy Martz
Montana


Governor Jim Geringer
Wyoming

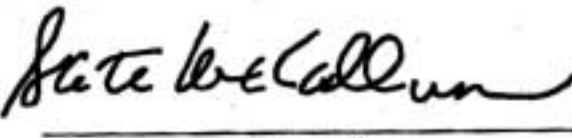

Governor Don Siegelman
Alabama

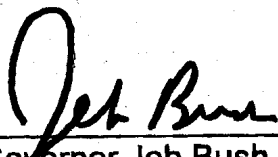

Governor George H. Ryan
Illinois

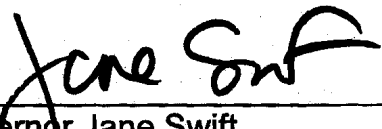

Governor Bob Holden
Missouri

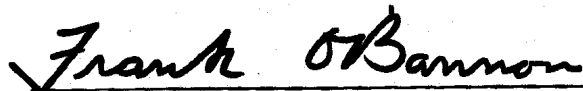

Governor Bill Owens
Colorado



Governor Mark R. Warner
Virginia


Governor Scott McCallum
Wisconsin


Governor Jeb Bush
Florida


Governor Jane Swift
Massachusetts


Governor Frank O'Bannon
Indiana


Governor Bob Taft
Ohio